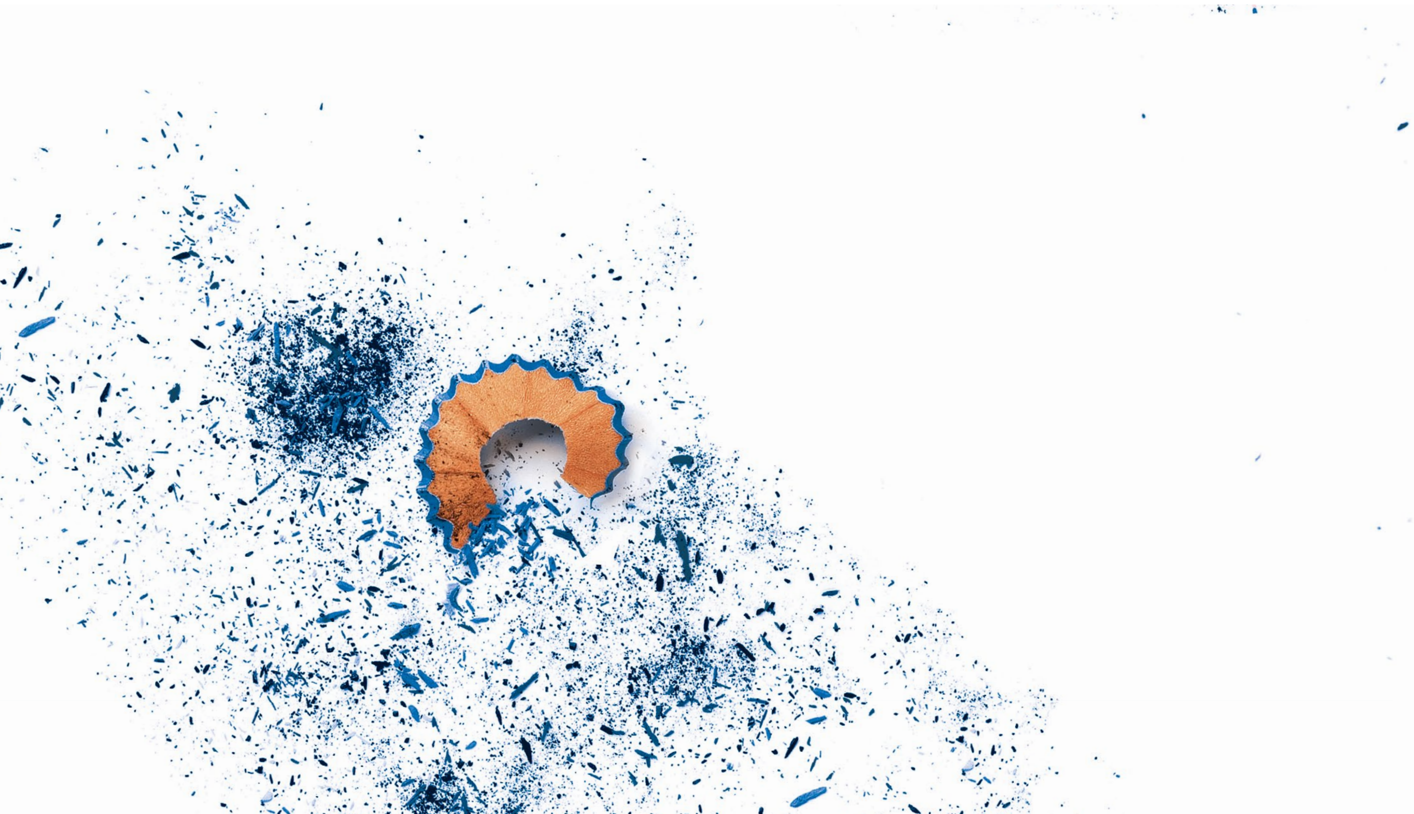
F.I.LA. GROUP INTERIM REPORT

at march 31, 2016

Contents

DIRECTORS' REPORT

at march 31, 2016



I - Directors' Report

Corporate Boards

Board of Directors

Chairman	Gianni Mion
Chief Executive Officer	Massimo Candela
Executive Director	Luca Pelosin
Director & Honorary Chairman	Alberto Candela
Director (**)	Fabio Zucchetti
Director (**)	Annalisa Barbera
Director (*)	Sergio Ravagli
Director (*)(***)	Gerolamo Caccia Dominioni
Director (*)	Francesca Prandstraller

(*) Independent director in accordance with Article 148 of the CFA and Article 3 of the Self-Governance Code.
(**) Non-Executive Director.
(***) Lead Independent Director.

Control and Risks Committee

Gerolamo Caccia Dominioni
Fabio Zucchetti
Sergio Ravagli

Board of Statutory Auditors

Chairman	Claudia Mezzabotta
Standing Auditor	Stefano Amoroso
Standing Auditor	Rosalba Casiraghi
Alternate Auditor	Pietro Villa
Alternate Auditor	Sonia Ferrero

Overview of the F.I.L.A. Group

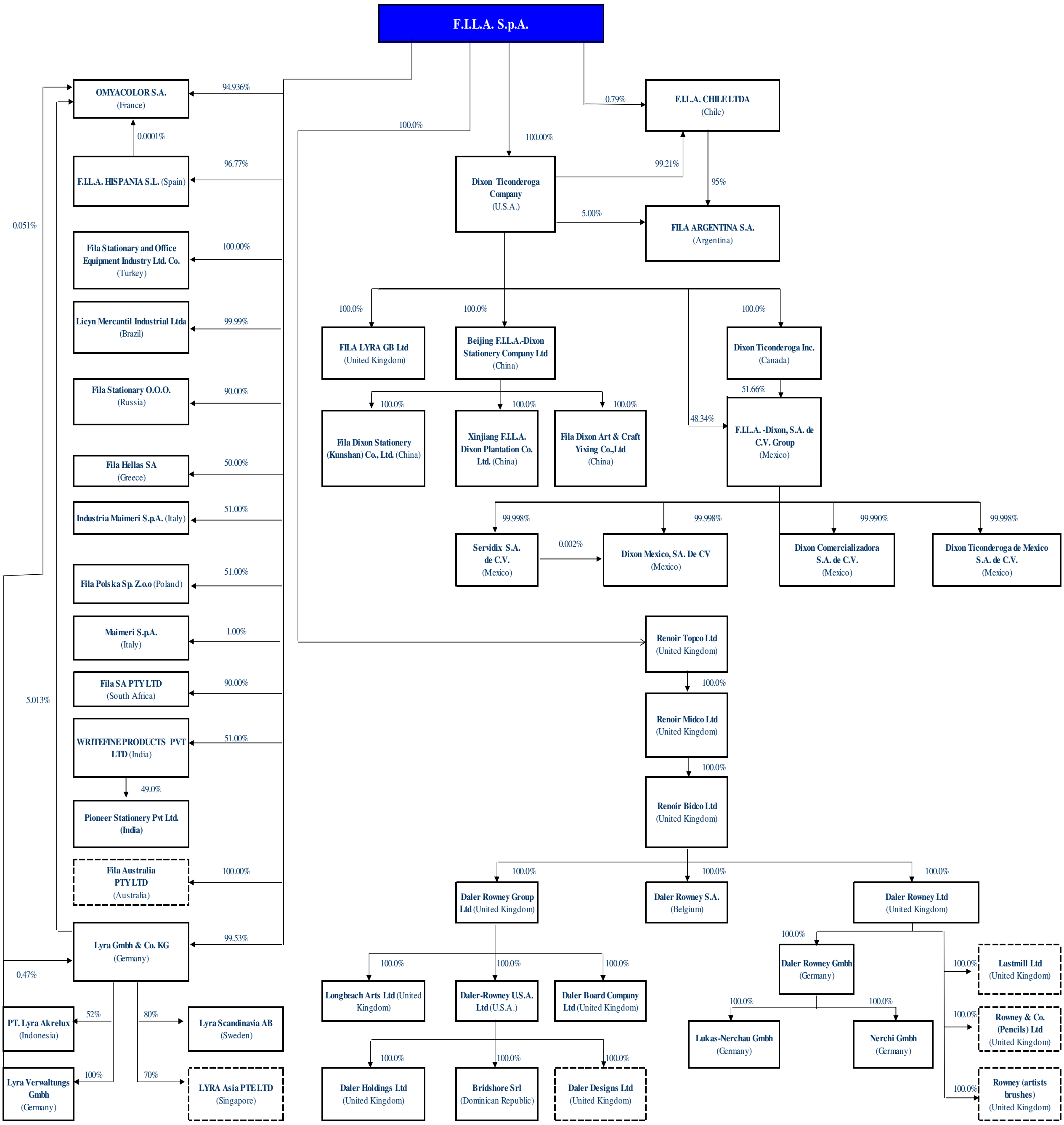
The F.I.L.A. Group operates in the creativity tools market, producing colouring, design, modelling, writing and painting objects, such as pencils, crayons, paints, modelling clay and chalk, among others. The F.I.L.A. Group at March 31, 2016 operates through 13 production facilities and 22 subsidiaries across the globe and employs approx. 6,000, becoming a pinnacle for creative solutions in many countries with brands such as GIOTTO, Tratto, DAS, Didò, Pongo and LYRA.

Founded in Florence in 1920, F.I.L.A. has achieved strong growth over the last twenty years, supported by a series of strategic acquisitions: the Italian Company Adica Pongo in 1994, the US Group Dixon Ticonderoga in 2005, the German Group LYRA in 2008, the Mexican Company Lapiceria Mexicana in 2010 and the Brazilian Company Lycin in 2012. In addition to these operations, on the conclusion of an initiative which began with the acquisition of a minority stake in 2011, control was acquired in 2015 of the Indian company Writefine Products Private Limited.

On February 3, 2016, F.I.L.A. S.p.A. in addition acquired control of the Daler-Rowney Lukas Group, an illustrious brand producing and distributing since 1783 materials and accessories on the arts & crafts market, with a direct presence in the UK, the Dominican Republic, Germany and the USA.

F.I.L.A. Group Structure

The F.I.L.A. Group structure at March 31, 2016 is presented below.



Directors' Report

Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2016

Significant Events in the period

- On January 4, 2016, the period for the exercise of the "F.I.L.A. S.p.A. Market Warrants" concluded. Overall, 8,153,609 Market Warrants were exercised between December 1, 2015 and January 4, 2016 ("Deadline" as communicated by the Issuer on December 1, 2015) against the subscription of 2,201,454 ordinary shares. As established by paragraph 5.1 of the "F.I.L.A. S.p.A. Market Warrants" Regulation, the remaining 22,685 unexercised "F.I.L.A. S.p.A. Market Warrants" are cancelled and entirely invalid;

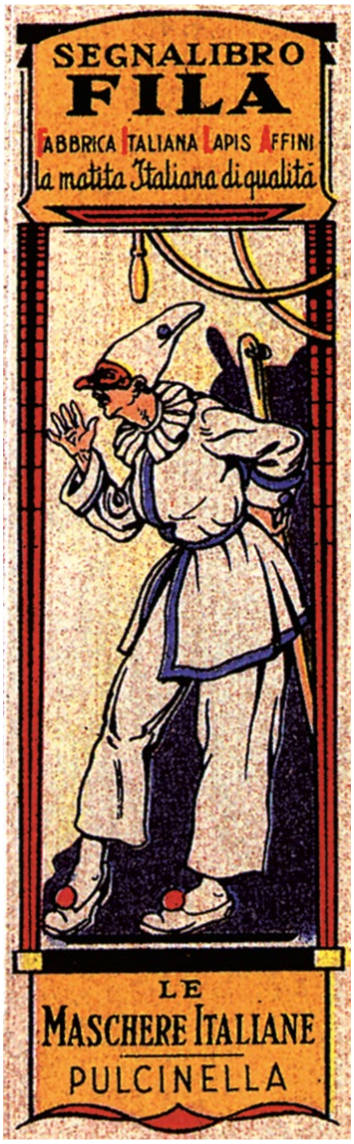
- On February 3, 2016, F.I.L.A. S.p.A. acquired 100% of the entire share capital - comprising "ordinary shares" and "preference shares" - of Renoir TopCo Ltd, the holding company of the Daler-Rowney Lukas Group, from the private equity fund Electra Partners LLP and the management team of Daler-Rowney.

  The Daler-Rowney Group has produced and distributed since 1783 materials and accessories for the art & craft sector. With a direct presence in the UK, the Dominican Republic (production), Germany and the USA (distribution), Daler-Rowney Lukas appeals to a wide consumer base and presents a perfectly complementary range to that of F.I.L.A. S.p.A.. In the US, Daler-Rowney Lukas since 2009 has been the principal supplier of art materials to Walmart.

  The acquisition of the entire share capital of Renoir TopCo Ltd involved total consideration of Euro 80.8 million, of which Euro 2.6 million as payment for the "ordinary shares", Euro 12.7 million as payment for the "preference shares" and Euro 65.5 million for redemption of the Loan Notes held by the sellers, in addition to the price adjustment of Euro 0.3 million in March 2016, in accordance with the purchase contract.

  The acquisition of the Daler-Rowney Lukas Group represents a further concrete step towards FILA's strengthening of its presence on the art & craft market, significantly increasing distribution and commercial synergies with the colour and creative instruments market, in line with F.I.L.A. S.p.A.'s acquisition-led growth strategy.
  The integration with the Daler-Rowney Lukas Group is undertaken in fact to tap into significant cost synergies - through optimising the production structure, the sales force and overhead costs - in addition to revenue synergies through increasing the sales of the Group's products.

The operation was entirely financed through a medium-term bank loan, issued in February 2016, by Unicredit S.p.A., Intesa Sanpaolo S.p.A. and Mediobanca Banca di Credito Finanziario S.p.A. for a total amount of Euro 130 million, which includes a revolving line to cover any needs generated by Group working capital.



The F.I.L.A. Group key financial highlights for Q1 2016 are reported below.

Euro thousands	Q1 2016	*% on core business revenue*	Q1 2015	*% on core business revenue*	Change 2016 - 2015		*of which:* D&R Group[1]	*of which:* Writefine[1]
Core Business Revenue	82,896	*100.0%*	57,091	*100.0%*	25,805	*45.2%*	10,625	10,693
EBITDA	10,143	*12.2%*	8,273	*14.5%*	1,870	*22.6%*	423	1,775
EBIT	6,853	*8.3%*	6,321	*11.1%*	532	*8.4%*	(324)	872
Net financial charges	(4,309)	*-5.2%*	(634)	*-1.1%*	(3,675)	*579.7%*	(29)	(49)
Total income taxes	(2,486)	*-3.0%*	(1,662)	*-2.9%*	(824)	*49.6%*	54	(309)
F.I.L.A. Group Net Profit/(loss)	(288)	*-0.3%*	3,827	*6.7%*	(4,115)	*-107.5%*	(299)	221
Earnings/(loss) per share (€ cents)								
basic	*(0.01)*		*0.13*					
diluted	*(0.01)*		*0.13*					

NORMALISED - *Euro thousands*	Q1 2016	*% on core business revenue*	Q1 2015	*% on core business revenue*	Change 2016 - 2015		*of which:* D&R Group[1]	*of which:* Writefine[1]
Core Business Revenue	82,896	*100.0%*	57,091	*100.0%*	25,805	*45.2%*	10,625	10,693
EBITDA	11,870	*14.3%*	8,516	*14.9%*	3,354	*39.4%*	423	1,775
EBIT	8,580	*10.3%*	6,564	*11.5%*	2,016	*30.7%*	(324)	872
Net financial charges	(1,217)	*-1.5%*	(634)	*-1.1%*	(583)	*91.9%*	(29)	(49)
Total income taxes	(2,707)	*-3.3%*	(1,739)	*-3.0%*	(968)	*55.7%*	54	(309)
F.I.L.A. Group Net Profit	4,310	*5.2%*	3,994	*7.0%*	316	*7.9%*	(299)	221
Earnings per share (€ cents)								
basic	*0.11*		*0.14*					
diluted	*0.11*		*0.14*					

Euro thousands	March 31, 2016	March 31, 2015	Change 2016 - 2015
Cash Flow from operating activities	(26,802)	(26,084)	(718)
Investments	1,988	2,337	(349)
% on core business revenue	*2.4%*	*4.1%*	

Euro thousands	March 31, 2016	December 31, 2015	Change 2016 - 2015	*of which:* D&R Group
Net capital employed	393,506	271,975	121,531	94,353
Net Financial Instruments	0	(21,504)	21,504	0
Net Financial Position	(166,344)	(38,744)	(127,600)	(83,214)
Equity	(227,162)	(211,727)	(15,435)	(11,139)

[1] "Core Business Revenue" and "Net financial charges" are reported net of Intercompany transactions

- The normalisation of the Q1 2016 EBITDA relates to non-recurring operating costs of approx. Euro 1.7 million, principally for consultancy in support of M&A operations carried out by the Group.
- The normalisation of Net financial charges of Euro 3,092 thousand relates to the exchange adjustments on the loan in UK Sterling for the acquisition of the Daler-

Rowney Group, net of financial income on the currency hedging derivative opened on the loan.

- The normalisation of the Q1 2016 Group Result concerns the above-stated normalisations, net of the tax effect.

- The normalisation of the Q1 2015 EBITDA concerns non-recurring operating costs of approx. Euro 243 thousand, principally for the company's listing process.

- The normalisation of the Q1 2015 Group Result concerns the above-stated normalisations, net of the tax effect.

At March 31, 2016, the market warrants conversion effect resulted in a contraction in the earnings per share compared to the comparative period.

F.I.L.A. Group Key Financial Highlights

The F.I.L.A. Group Key Financial Highlights for Q1 2016 are reported below.

The figures for the first quarter of 2016 take into consideration the full consolidation of Writefine Products Private Limited, the majority share of which was acquired in November 2015, and of the Daler-Rowney Lukas Group, consolidated from February 3, 2016. For the comparability of the March 31, 2015 and December 31, 2015 figures, the "Disclosure by operating segment" paragraph reports the income statement and statement of financial position at like-for-like consolidation scope, eliminating therefore the effects from the corporate operations.

For further details on the consolidation effects of the Daler-Rowney Lukas Group, reference should be made to the "Business combinations" paragraph.

Normalised operating results

The first quarter 2016 F.I.L.A. Group results report an increased EBITDA of 39.4% on the first quarter of 2015 (+15.8%, excluding the M&A effect concerning the Daler-Rowney Lucas Group and Writefine Products Private Limited - India).

NORMALISED - Euro thousands	Q1 2016	% core business revenue	Q1 2015	% core business revenue	Change 2016 - 2015	
Core Business Revenue	82.896	100%	57.091	100%	25.805	45,2%
Other Revenue and Income	2.131		2.037		94	4,6%
TOTAL REVENUE	85.027		59.128		25.899	43,8%
TOTAL OPERATING COSTS	(73.157)	-88,3%	(50.612)	-88,7%	(22.545)	44,5%
EBITDA	11.870	14,3%	8.516	14,9%	3.354	39,4%
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(3.290)	-4,0%	(1.952)	-3,4%	(1.338)	68,5%
EBIT	8.580	10,3%	6.564	11,5%	2.016	30,7%
NET FINANCIAL CHARGES	(1.217)	-1,5%	(634)	-1,1%	(583)	91,9%
PRE-TAX PROFIT	7.363	8,9%	5.930	10,4%	1.433	24,2%
TOTAL INCOME TAXES	(2.707)	-3,3%	(1.739)	-3,0%	(968)	55,7%
NET PROFIT - CONTINUING OPERATIONS	4.656	5,6%	4.191	7,3%	465	11,1%
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	0	0,0%	(118)	-0,2%	118	-100,0%
NET PROFIT	4.656	5,6%	4.073	7,1%	583	14,3%
Non-controlling interest profit	346	0,4%	79	0,1%	267	338,0%
F.I.L.A. GROUP NET PROFIT	4.310	5,2%	3.994	7,0%	316	7,9%

The principal changes compared to Q1 2015 are illustrated below.

"Core Business Revenue" of Euro 82,896 thousand increased on 2015 by Euro 25,805 thousand (+45.2%).

Considering exchange losses of approx. Euro 2,415 thousand (principally on the Mexican Peso) and the M&A effect of approx. Euro 21,319 thousand from the above-stated acquisition of the Daler & Rowney Lucas Group and from the full consolidation of Writefine Products Private Limited (India), organic revenue growth was 12.1%.

This follows improved order fulfilment times, strong school and arts and craft product demand and the continued consolidation of market share, principally in Central-South America (+26%), in Europe (+9%) and in North America (+8%).

Other Revenue and Income of Euro 2,131 thousand increased on the previous year Euro 94 thousand, exclusively due to the consolidation of the Daler & Rowney Lucas Group.

"Operating Costs" of Euro 73,157 thousand increased Euro 22,545 thousand on 2015, principally due to the consolidation of the Daler & Rowney Lukas Group and of Writefine Products Private Limited (India). Net of these M&A operations, operating costs were substantially in line with the preceding quarter, with the increase on the basis of higher sales volumes offset, in addition to the weakening of the Mexican and Chinese currencies, also by improved production efficiency at the Chinese and Mexican facilities.

"EBITDA" in Q1 2016 amounts to Euro 11,870 thousand, improving therefore Euro 3,354 thousand on Q1 2015 (+39.4%). Excluding the above-stated M&A effect for approx. Euro 2,198 thousand and the main currency effects, "EBITDA" grew 15.8%, more than proportional than organic revenue growth.

"EBIT" of Euro 8,580 thousand includes higher amortisation, depreciation and write-downs than the previous year, principally due to increased amortisation and depreciation related to the consolidation of the Daler & Rowney Lucas Group and of Writefine Products Private Limited (India) for Euro 1,645 thousand, in addition to capex (in particular at the Mexican facility).

"Net financial charges" in 2016 increased Euro 583 thousand, principally due to the presence in 2015 of income from the valuation at equity of Writefine Products Private Limited (India), fully consolidated from November 2015.

Group "Income taxes" amounted to Euro 2,707 thousand, increasing Euro 967 thousand on the comparative period. Excluding the M&A effect, principally relating to Writefine Products Private Limited (India), the tax rate reduced slightly on the first quarter of 2015.

Consequently, the normalised "Net Profit" in 2016 totalled Euro 4,656 thousand, up Euro 583 thousand on Q1 2015.

Excluding the non-controlling interest result, the F.I.L.A. Group normalised net profit in 2016 was Euro 4,310 thousand, compared to Euro 3,994 thousand in the previous year.

Statement of Financial Position

The F.I.L.A. Group key Statement of Financial Position accounts at March 31, 2016 are reported below.

Euro thousands	March 2016	December 2015	Change 2016 - 2015
Intangible assets	156,023	88,156	67,867
Property, plant & equipment	58,862	47,901	10,961
Financial assets	2,661	1,785	876
NET FIXED ASSETS	217,546	137,842	79,704
OTHER NON-CURRENT ASSETS/LIABILITIES	15,409	13,901	1,508
Inventories	155,658	118,519	37,139
Trade and Other Receivables	114,327	77,731	36,596
Other Current Assets	5,852	5,020	832
Trade and Other Payables	(73,106)	(52,985)	(20,121)
Other Current Liabilities	(3,692)	(1,840)	(1,853)
NET WORKING CAPITAL	199,039	146,445	52,594
PROVISIONS	(38,488)	(26,213)	(12,275)
ASSETS/LIABILITIES OF DISCONTINUED OPERATIONS	0	0	0
NET CAPITAL EMPLOYED	393,506	271,975	121,532
EQUITY	(227,162)	(211,727)	(15,435)
NET FINANCIAL INSTRUMENTS	0	(21,504)	21,504
NET FINANCIAL POSITION	(166,344)	(38,744)	(127,600)
NET FUNDING SOURCES	(393,506)	(271,975)	(121,531)

The "Net Capital Employed" of the F.I.L.A. Group at March 31, 2016 of Euro 393,506 thousand is principally comprised "Net Fixed Assets" of Euro 217,546 thousand (increasing on December 31, 2015 Euro 79,704 thousand) and the "Net Working Capital" totalling Euro 199,039 (increasing on December 31, 2015 Euro 52,594 thousand).

The change in "Net Fixed Assets" was Euro 79,704 thousand, principally due to the increase in Intangible Assets (Euro 67,867 thousand) and Property, plant and equipment (Euro 10,961 thousand).

The increase in Intangible assets stems from the consolidation effects of the Daler-Rowney Lukas Group on the basis of the increased value of Brands of Euro 40,223 thousand and of Know-How of Euro 30,532 thousand, due to the allocation of the positive differential between the acquisition price and the book equity of the English group. The Goodwill from the operation recognised to the consolidated financial statements at March 31, 2016 was Euro 3,520 thousand. The increases described were partially offset by negative currency effects of Euro 5,282 thousand and amortisation and depreciation of Euro 1,219 thousand.

Similarly, the increase in Property, plant and equipment (Euro 10,961 thousand) is principally due to the consolidation of the Daler-Rowney Lukas Group, with the contribution of a net carrying amount of Euro 12,839. Excluding the effects from the change in the consolidation scope, the investments carried out by other Group companies totalled Euro 1,941 thousand and principally related to F.I.L.A. S.p.A. (Italy), Fila Dixon Stationery (Kunshan) Co., Ltd. (China) and Writefine Products Private Limited (India).
The account includes also depreciation of Euro 1,872 thousand and negative currency effects of Euro 1,931 thousand.

The change in "Net Working Capital", excluding the contribution of the Daler-Rowney Lukas Group of Euro 25,494 thousand, amounted to Euro 27,100 and related to the seasonality of the business, with an increase in inventory in the first quarter in support of the upcoming schools campaign and an increase in receivables on the basis of the core business sales cycle.

The change in F.I.L.A. Group "Equity" is principally due to the exercise of the residual Market Warrants at December 31, 2015, exercised by January 4, 2016, resulting in an increase in equity of Euro 21,444 thousand. The translation reserve had a negative impact of Euro 5,816 thousand.

Following the conclusion of the Market Warrants exercise period, the "Net Financial Instruments" account amounted to zero, which at December 31, 2015 amounted to Euro 21,504 thousand. The effect of the conversion into shares resulted in a change to equity as previously described of Euro 21,444 thousand; the residual non-exercised portion was recognised to the income statement as financial income for Euro 60 thousand.

The F.I.L.A. Group "Net Financial Position" at December 31, 2016 was a net debt of Euro 166,344 thousand, increasing Euro 127,600 thousand on December 31, 2015. For further details on the movement of the net debt, reference should be made to the "Financial overview" paragraph.

Financial overview

The overview of the Q1 2016 Group operating and financial performance is completed by the Statement of Cash Flow and Group Net Financial Position reported below.

Euro thousands	**March 2016**	**March 2015**
EBIT	**6,854**	**6,321**
adjustments for non-cash items:	***3,830***	***2,012***
Amortisation & Depreciation	3,091	1,620
Write-down and Recovery in Value	6	13
Doubtful Debt Provision	193	320
Exch. effect on Assets and Liabilities in Foreign Curr. of Commercial Transactions	548	89
Gain/Loss on Fixed Asset Disposals	(8)	(29)
integrations for:	***(5,829)***	***(1,939)***
Income Taxes Paid	(1,457)	(1,960)
Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies	(2,279)	696
Realised Exchange Differences on Assets and Liabilities in Foreign Currencies	(2,093)	(675)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL	**4,854**	**6,394**
Changes in Net Working Capital:	***(31,656)***	***(32,478)***
Change in Inventories	(16,977)	(12,651)
Change in Trade and Other Receivables	(22,690)	(18,155)
Change in Trade and Other Payables	9,156	(1,500)
Change in Other Assets/Liabilities	(1,061)	(422)
Change in Post-Employment and Employee Benefits	(85)	250
CASH FLOW FROM OPERATING ACTIVITIES	**(26,802)**	**(26,084)**
Total Investment/Divestment in Intangible Assets	**(47)**	**(45)**
Total Investment/Divestment in Property, Plant and Equipment	**(1,941)**	**(2,292)**
Total Investment/Divestment of Investments measured at Cost	**0**	**(0)**
Total Investment/Divestment in Other Financial Assets	**(287)**	**(140)**
Acquisition of investment in Daler & Rowney Lucas Group	**(16,751)**	**0**
Interest Received	**45**	**10**
CASH FLOW FROM INVESTING ACTIVITIES	**(18,981)**	**(2,303)**
Total Change in Equity	**(490)**	**0**
Interest Paid	**(1,042)**	**(947)**
Total Increase/Decrease Loans and Other Financial Liabilities	**126,310**	**5,318**
CASH FLOW FROM FINANCING ACTIVITIES	**124,778**	**4,371**
Translation difference	(5,816)	7,364
Other non-cash equity changes	8,374	(6,285)
NET CASH FLOW IN THE PERIOD	**81,553**	**(22,938)**
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period	17,542	30,663
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period (change in consolidation scope)	(86,710)	0
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE PERIOD	**12,385**	**7,725**

1) *Cash and cash equivalents at March 31, 2016 totalled Euro 28,455 thousand; current account overdrafts amounted to Euro 16,070 thousand net of relative interest.*
2) *Cash and cash equivalents at December 31, 2015 totalled Euro 30,683 thousand; current account overdrafts amounted to Euro 13,141 thousand net of relative interest.*
3) *The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects from non-cash operations were eliminated (including the conversion of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the account "Other non-cash changes".*

Euro thousands	March 2016	December 2015
OPENING CASH AND CASH EQUIVALENTS	**17,542**	**30,663**
Cash and cash equivalents	30,683	32,473
Bank overdrafts	(13,141)	(1,810)
CLOSING CASH AND CASH EQUIVALENTS	**12,385**	**17,542**
Cash and cash equivalents	28,455	30,683
Bank overdrafts	(16,070)	(13,141)

The net cash flow absorbed in 2016 from "Operating Activities" of Euro 26,802 thousand (absorption of operating cash at March 31, 2015 of Euro 26,084 thousand) concerns:

- for Euro 4,854 thousand (Euro 6,394 thousand at March 31, 2015) cash flow generated from "Operating Activities", based on the difference of the "Value" and the "Costs of Cash Generation" and the remaining ordinary income components, excluding financial management;
- for a negative Euro 31,656 thousand (Euro 32,478 thousand at March 31, 2015) from movements in "Net Working Capital Management", principally due to:
    - the increase in inventories, in particular at Dixon Ticonderoga Company (U.S.A.), Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), Dixon Ticonderoga Inc. (Canada), Lyra KG (Germany), Omyacolor S.A. (France) and F.I.L.A. S.p.A. (Italy), in support of future sales and the prompt execution of orders;
    - the increase in "Trade and Other Receivables", due both to business seasonality and the increase in Group revenue, in particular at F.I.L.A. S.p.A. (Italy), in Dixon Ticonderoga Company (U.S.A.), in addition to Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), Omyacolor S.A. (France) and F.I.L.A. Chile Ltda (Chile);
    - the increase in trade payables, principally at Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A. – Dixon, S.A. de C.V. (Mexico), for increased purchases in the period, principally related to the increase in inventories;
- "Investing Activities" absorbed liquidity of Euro 18,981 thousand (Euro 2,303 thousand in Q1 2015), of which:

- Euro 47 thousand (Euro 45 thousand in Q1 2015) almost exclusively concerning the renewal of concessions and trademarks by F.I.L.A. S.p.A;
- Euro 1,941 thousand (Euro 2,292 thousand in Q1 2015) for net investment in plant and machinery, principally by Fila Dixon Stationery (Kunshan) Co., Ltd. (China), F.I.L.A. S.p.A. (Italy) and Writefine Products Private Limited (India);
- Euro 16,751 thousand (Euro 0 thousand in Q1 2015) for the recognition of the investment in the Daler & Rowney Lucas Group.

"Financing Activities" generated net cash of Euro 124,778 thousand (generating cash of Euro 4,371 thousand in Q1 2015), principally concerning:

- the decrease of equity of Euro 490 thousand (Euro 0 thousand in Q1 2015), concerning the non-controlling interest share of dividends distributed by Writefine Products Private Limited (India);
- the absorption of Euro 1,042 thousand (Euro 947 thousand in Q1 2015) from interest charges paid on loans and credit lines granted to Group companies, principally F.I.L.A. S.p.A. (Italy), Dixon Ticonderoga Company (U.S.A.), Grupo F.I.L.A. –Dixon, S.A. de C.V. (Mexico) and Fila Dixon Stationery (Kunshan) Co., Ltd. (China);
- the generation of Euro 126,310 thousand, principally due to the bank loan issued for the acquisition of the Daler & Rowney Lucas Group.

The translation difference, of Euro 5,816 thousand, concerns the conversion of Group companies financial statements from local currency to the consolidation currency (the Euro) and the other non-cash increases for Euro 8,374 thousand, principally due to the exchange rate movements on the previous year concerning the other larger balance sheet items. The total net cash generated in the period was therefore Euro 81,553 thousand (absorption of Euro 22,938 thousand in Q1 2015).

The "Net Cash Available" at the beginning in the period was therefore Euro 17,542 thousand and at period end was Euro 12,385 thousand.

The **Net Financial Position** at March 31, 2016 reports a debt of Euro 166,344 thousand.

	Euro thousands	March 31, 2016	December 31, 2015	Change in period
A	Cash	161	132	29
B	Other cash equivalents	28,294	30,551	(2,257)
C	Securities held-for-trading			
D	**Liquidity (A + B + C)**	**28,455**	**30,683**	**(2,228)**
E	**Current financial receivables**	**1,161**	**268**	**893**
F	Current bank payables	(80,740)	(67,319)	(13,421)
G	Current portion of non-current debt	(12,897)	(715)	(12,182)
H	Other current financial payables	(2,677)	(505)	(2,172)
I	**Current financial debt (F + G + H)**	**(96,315)**	**(68,539)**	**(27,776)**
J	**Net current financial debt (I + E+ D)**	**(66,698)**	**(37,588)**	**(29,110)**
K	Non-current bank payables	(99,894)	(1,404)	(98,490)
L	Bonds issued	0	0	0
M	Other non-current payables	(110)	(106)	(4)
N	**Non-current financial debt (K + L + M)**	**(100,003)**	**(1,510)**	**(98,493)**
O	**Net financial debt (J+N)**	**(166,702)**	**(39,098)**	**(127,604)**
P	**Loans issued to third parties**	**357**	**354**	**3**
Q	**Net financial debt (O + P) - F.I.L.A. Group**	**(166,344)**	**(38,744)**	**(127,600)**

Note:

1) The net financial debt calculated at point "O" complies with Consob Communication DEM/6064293 of July 28, 2006, which excludes non-current financial assets. The net financial debt of the F.I.L.A. Group differs from the above communication by Euro 357 thousand in relation to the non-current loans granted to third parties by F.I.L.A. S.p.A. (Euro 350 thousand), Omyacolor S.A. (Euro 5 thousand) and FILA SA (Euro 2 thousand)

2) The Market Warrants recognised to the financial statements at December 31, 2015 of Euro 21,504 thousand are not considered an integral part of the net financial debt as cashless financial instruments. Market Warrants at March 31, 2016 amounted to Euro 0 thousand.

3) At March 31, 2016 there were no transactions with related parties which impacted the net financial debt.

Compared to December 31, 2015 (debt of Euro 38,744 thousand), net debt increased Euro 127,600 thousand. Excluding the net debt of the Daler-Rowney Lucas Group at the acquisition date of Euro 86,752 thousand and the currency effect from the transaction of the net financial position items in currencies other than the Euro, contributing cash of Euro 1,401 thousand, the increase in the net debt for Euro 42,250 thousand (compared to a cash absorption of Euro 28,107 thousand in the first quarter of 2015 excluding the net financial positions of the companies acquired in the year and the currency effect) is principally due to:

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Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2016

- net cash absorbed from operating activities of Euro 26,802 thousand (Euro 26,084 thousand in Q1 2015), mainly owing to the increase in trade receivables, both due to business seasonality and the significant increase in Group revenue, the higher inventories to support future sales and the prompt execution of orders, offset by the increase in trade payables, principally at Dixon Ticonderoga Company (U.S.A.) and Grupo F.I.L.A. –Dixon, S.A. de C.V. (Mexico) for increased purchases in the period;
- the absorption of cash with a recognition of the investment in the Daler-Rowney Lucas Group of Euro 16,751 thousand, of which Euro 1,084 thousand consultancy on the corporate operations;
- net tangible and intangible asset investment of Euro 1,988 thousand (Euro 2,337 thousand in Q1 2015);
- cash absorbed from interest on loans and credit lines issued to Group companies of Euro 1,042 thousand (Euro 947 thousand in Q1 2015);

SCIENTIFIC AMERICAN

A WEEKLY JOURNAL OF PRACTICAL INFORMATION, ART, SCIENCE, MECHANICS, CHEMISTRY, AND MANUFACTURES.

Vol. XL.—No. 3. [NEW SERIES.] NEW YORK, JANUARY 18, 1879. [$3.20 per Annum. [POSTAGE PREPAID.]

The Adulteration of Soft Soap.

The *Manufacturers' Review* translates from the French of M. Emile Picard the following note on the adulteration of soft soaps:

"One hundred parts of fatty matter, combined with soda or potash, yield 230 to 235 parts of pure soft soap, containing 33·14 per cent of water. When certain adulterants are added in quantities too small to affect the appearance of the soap, 100 parts of grease will yield 320 to 340 parts of what would be a good commercial article, containing 33 to 38 per cent of water. The same quantity of grease can be made to produce 380 parts of soap, containing as much as 52 per cent of water. The adulterants generally used are clay, resin, fecula, and silicate of soda. All are added to increase the yield of soap, and the proportion of water it can contain. Clay is the most harmless of these adulterants. It is partly dissolved by the alkali, but makes the soap opaque, and is easily detected by its insolubility in water. It increases the amount of water required to bring the soap to the proper consistence, but is not otherwise harmful. It is less and less employed every day. Resin combines with alkali, but the resulting compound 'possesses none of the emollient qualities of fats.' It retains large quantities of water, but alters the emollient and detergent power of the soap, and makes it more caustic and corrosive. Soaps adulterated with resin only are clear, brilliant and transparent; more soluble in water than pure soap. They nearly always retain a slight odor of resin which is most noticeable when the soap is warmed. Their color is often redder than usual. They attack the skin, and make linen yellow. Fecula is very harmful, especially when combined with silicate of soda. It is generally employed with three or four times its weight of lye, water, or silicate of soda. Soap made with it contains an excess of alkali, and a very large quantity of water. It is more or less opaque, as the proportion of starch is large or small; it is easily soluble in water; it is much affected by changes of temperature; and its detergent power is much lessened by the large proportion of water it contains. The latter fault is partly concealed by making it excessively alkaline; it is then corrosive, and attacks and destroys the skin, coloring matters, and woolen and silken goods. Analysis reveals the presence of the decomposition products of the latter in the water in which they have been washed. Silicate of soda with fecula is far the most injurious adulterant of soap, and it is also the one most usually employed. Almost all commercial soaps contain it. Silicate of soda in small quantity does not alter the appearance of the soap; but it is decomposed when used, and silica is deposited in the fiber of the flax or cotton, and cannot be removed, rapidly destroying the tissues. Silk and wool are also attacked, and made more liable to be destroyed by alkalies. Water in which silk and wool have been washed with this soap contains considerable quantities of sulphur and ammonia resulting from the decomposition of the material. According to Dr. Vohl, linen and cotton cloths thus treated look, under the microscope, like worn fabrics—the fiber destroyed and the surface covered with a nap. Franklin said good bargains are sometimes ruinous. This is particularly true of soaps. Low-priced samples are never cheap; a larger quantity must be used to cleanse an equal amount, and fabrics are far more rapidly destroyed."

Sharpening Pencils

AMERICAN INDUSTRIES.—No. 2.

BY HAMILTON S. WICKS.

THE UTILIZATION OF GRAPHITE.

The works of the Dixon Crucible Co., at Jersey City, are interesting and curious. Established something more than half a century ago, the company has had a long and successful career, never falling behind in the march of improvement, but always prompt to adopt new methods for improving the products of industry and cheapening production.

The late Mr. Joseph Dixon was the originator of the present method of making crucibles from foliated graphite, and the establishment is the oldest and largest in the world of its kind.

Graphite, or what is commonly called plumbago or black lead, has long been known to possess wonderful properties, but the Dixon Company has been mainly instrumental in familiarizing the public with its great value in the mechanic arts. It was also the first to prepare the mineral in salable form for special uses. Resisting all acids and alkalies, and passing almost unhurt through a fire that will melt nickel, graphite is destined to act a prominent part in the industries of the world. It is the softest of all known minerals, a good

Disclosure by operating segment

In terms of segment reporting, the F.I.L.A. Group has adopted IFRS 8, obligatory from January 1, 2009.

IFRS 8 requires an entity to base segment reporting on internal reporting, which is constantly reviewed by the highest level of management in order to allocate resources to the various segments and to analyse performance.

Geographic region is the primary basis of analysis and of decision-making by F.I.L.A. Group Management, therefore fully in line with the internal reporting prepared for these purposes.

The products of the F.I.L.A. Group are similar in terms of quality and production, target market, margins, sales network and clients, even with reference to the different brands which the Group markets. No diversification is therefore deemed to be present within the Segment, in consideration of the substantial uniformity of the risks and benefits relating to the products produced by the F.I.L.A. Group.

The segment disclosure accounting standards are in line with those utilised for the consolidated financial statements.

Segment disclosure was therefore based on the location of operations ("Entity Locations"), broken down as follows: "Europe", "North America", "Central and South America" and "Rest of the World". The "Rest of the World" includes the subsidiaries in South Africa and Australia.

The "Business Segment Reporting" of the F.I.L.A. Group aggregates companies by region on the basis of the *"operating location"*.

The association between the regions, reported in the "Business Segment Reporting" and the F.I.L.A. Group companies was as follows:

Europe

F.I.L.A. S.p.A. (Italy)
Omyacolor S.A. (France)
F.I.L.A. Hispania S.L. (Spain)
FILALYRA GB Ltd. (United Kingdom)
Johann Froescheis Lyra Bleistift-Fabrik GmbH & Co. KG (Germany)
Lyra Bleistift-Fabrik Verwaltungs GmbH (Germany)
Lyra Scandinavia AB (Sweden)
FILA Stationary and Office Equipment Industry Ltd. Co. (Turkey)
Fila Stationary O.O.O. (Russia)
Industria Maimeri S.p.A. (Italy)
Fila Hellas SA (Greece)
Fila Polska Sp. Z.o.o (Poland)
Renoir Topco Ltd (United Kingdom)
Renoir Midco Ltd (United Kingdom)
Renoir Bidco Ltd (United Kingdom)
Daler Rowney Group Ltd (United Kingdom)
Daler Rowney S.A. (Belgium)
Daler Rowney Ltd (United Kingdom)
Longbeach Arts Ltd (United Kingdom)
Daler Board Company Ltd (United Kingdom)
Daler Holdings Ltd (United Kingdom)
Daler Designs Ltd (United Kingdom)
Daler Rowney GmbH (Germany)
Lukas-Nerchau GmbH (Germany)
Nerchauer Malfarben GmbH (Germany)
Lastmill Ltd (United Kingdom)
Rowney & Company Pencils Ltd (United Kingdom)
Rowney (Artists Brushes) Ltd (United Kingdom)

North America

Dixon Ticonderoga Company (U.S.A.)
Dixon Ticonderoga Inc. (Canada)
Daler Rowney USA Ltd (U.S.A.)

Central - South America

Grupo F.I.L.A.-Dixon, S.A. de C.V. (Mexico)
F.I.L.A. Chile Ltda (Chile)
FILA Argentina S.A. (Argentina)
Licyn Mercantil Industrial Ltda (Brazil)
Brideshore srl (Dominican Republic)

Asia

Beijing F.I.L.A.-Dixon Stationery Company Ltd. (China)
Xinjiang F.I.L.A.-Dixon Plantation Company Ltd. (China)
Fila Dixon Art & Craft Yixing Co.,Ltd (China)
PT. Lyra Akrelux (Indonesia)
Lyra Asia PTE Ltd. (Singapore)
FILA Dixon Stationery (Kunshan) Co., Ltd. (China)
Writefine Products PVT LTD (India)

Rest of the World

FILA Australia PTY LTD (Australia)
FILA Cartorama SA PTY LTD (South Africa)

The segment reporting required in accordance with IFRS 8 is presented below.

For the purposes of providing comparable financial statements, the figures are shown net of the change in the consolidation scope during 2016 following the acquisition of the companies of the Daler-Rowney Lukas Group. In addition, in relation to the comparison of the income statement, the first quarter 2016 figures exclude also the contribution of Writefine Products Private Limited, consolidated from November 2015.

Business Segments – Statement of Financial Position

The F.I.L.A. Group "statement of financial position" by region at March 31, 2016 and December 31, 2015 is reported below:

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Goegraphic Area - F.I.L.A. Group						
	Europe	North America	Cen. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
March 2016							
STATEMENT OF FINANCIAL POSITION							
Non-Current Assets	**116,765**	**12,846**	**13,997**	**90,699**	**178**	**(1,072)**	**233,413**
of which Intercompany	*(1,829)*	*757*					
Intangible Assets	78,804	5,838	5,003	66,343	111	(76)	156,023
Property, Plant and Equipment	26,400	1,943	7,107	23,351	61		58,862
Non-Current Financial Assets	4,280	466	321	554	6	(2,945)	2,682
Investments measured at Equity				308			308
Investments measured at Cost	31						31
Deferred Tax Assets	7,250	4,599	1,566	143		1,949	15,507
Current Assets	**335,345**	**80,988**	**92,585**	**44,514**	**1,309**	**(249,288)**	**305,453**
of which Intercompany	*(224,524)*	*(4,123)*	*(6,730)*	*(13,911)*			
Current Financial Assets	93,883	2,212	118	859		(95,911)	1,161
Current Tax Receivables	2,450	1,524	455	1,423			5,852
Inventories	65,113	43,678	32,747	20,157	1,016	(7,053)	155,658
Trade and Other Receivables	163,841	23,127	56,445	17,349	184	(146,619)	114,327
Cash and Cash Equivalents	10,058	10,447	2,820	4,726	109	295	28,455
TOTAL ASSETS	**452,110**	**93,834**	**106,582**	**135,213**	**1,488**	**(250,360)**	**538,866**
of which Intercompany	*(226,353)*	*(3,366)*	*(6,730)*	*(13,911)*			
Non-Current Liabilities	**120,632**	**3,229**	**2,225**	**14,281**		**(2,820)**	**137,547**
of which Intercompany	*(1,820)*		*(1,000)*				
Non-Current Financial Liabilities	100,986	28	1,027	907		(2,945)	100,003
Employee Benefits	3,518	733	737	337			5,325
Provisions for Risks and Charges	592	306					898
Deferred Tax Liabilities	15,536	2,162	461	12,937		125	31,221
Other Payables				100			100
Current Liabilities	**284,400**	**43,714**	**55,118**	**30,713**	**2,489**	**(242,279)**	**174,157**
of which Intercompany	*(213,515)*	*(4,886)*	*(9,203)*	*(12,304)*	*(2,371)*		
Current Financial Liabilities	126,662	17,921	35,229	9,375	1,065	(93,937)	96,315
Financial Instruments							
Provisions for Risks and Charges	956	88					1,044
Current Tax Payables	684	907	457	1,644			3,692
Trade and Other Payables	156,100	24,798	19,432	19,694	1,424	(148,342)	73,106
TOTAL LIABILITIES	**405,034**	**46,943**	**57,343**	**44,994**	**2,489**	**(245,099)**	**311,704**
of which Intercompany	*(215,335)*	*(4,886)*	*(10,203)*	*(12,304)*	*(2,371)*		

** Allocation by "Entity Location"*

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Goegraphic Area - F.I.L.A. Group						
	Europe	North America	Cen. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
December 2015							
STATEMENT OF FINANCIAL POSITION							
Non-Current Assets	**34,564**	**10,015**	**15,456**	**93,693**	**180**	**(1,679)**	**152,229**
of which Intercompany	*(2,108)*	*578*		*(148)*			
Intangible Assets	8,383	4,251	7,089	68,545	112	(224)	88,156
Property, Plant and Equipment	16,014	1,233	6,412	24,178	64		47,901
Non-Current Financial Assets	3,425	497	334	472	4	(2,945)	1,787
Investments measured at Equity				322			322
Investments measured at Cost	31						31
Deferred Tax Assets	6,711	4,034	1,621	176		1,490	14,032
Current Assets	**103,815**	**49,667**	**66,930**	**45,805**	**1,423**	**(35,419)**	**232,221**
of which Intercompany	*(16,206)*	*(3,728)*	*(2,946)*	*(12,536)*	*(3)*		
Current Financial Assets	4,146		215	881		(4,974)	268
Current Tax Receivables	2,186	1,517	289	1,028			5,020
Inventories	49,134	24,804	26,285	22,118	925	(4,747)	118,519
Trade and Other Receivables	39,065	12,375	36,536	15,375	337	(25,957)	77,731
Cash and Cash Equivalents	9,284	10,971	3,605	6,403	161	259	30,683
TOTAL ASSETS	**138,379**	**59,682**	**82,386**	**139,498**	**1,603**	**(37,098)**	**384,450**
of which Intercompany	*(18,315)*	*(3,150)*	*(2,946)*	*(12,684)*	*(3)*		
Non-Current Liabilities	**9,868**	**3,421**	**2,219**	**14,732**		**(2,820)**	**27,421**
of which Intercompany	*(1,820)*		*(1,000)*				
Non-Current Financial Liabilities	2,843	16	1,000	596		(2,945)	1,510
Employee Benefits	3,473	816	763	300			5,352
Provisions for Risks and Charges	607	335					942
Deferred Tax Liabilities	2,945	2,254	457	13,704		125	19,485
Other Payables				132			132
Current Liabilities	**77,788**	**21,427**	**42,081**	**32,172**	**2,506**	**(30,672)**	**145,302**
of which Intercompany	*(7,696)*	*(453)*	*(9,167)*	*(11,100)*	*(2,255)*		
Current Financial Liabilities	19,391	16,479	25,651	10,814	1,178	(4,974)	68,539
Financial Instruments	21,504						21,504
Provisions for Risks and Charges	342	92					434
Current Tax Payables	316	29	300	1,195			1,840
Trade and Other Payables	36,235	4,827	16,130	20,163	1,328	(25,698)	52,985
TOTAL LIABILITIES	**87,656**	**24,848**	**44,301**	**46,904**	**2,506**	**(33,492)**	**172,723**
of which Intercompany	*(9,516)*	*(453)*	*(10,167)*	*(11,100)*	*(2,255)*		

** Allocation by "Entity Location"*

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For a better understanding of the changes between the comparative periods, the F.I.L.A. Group Business Segments at March 2016 at like-for-like consolidation scope with 2015 are reported below.

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Goegraphic Area - F.I.L.A. Group						
	Europe	**North America**	**Central - South America**	**Asia**	**Rest of the World**	**Consolidation**	**F.I.L.A. Group**
March 2016 - LIKE-FOR-LIKE CONSOLIDATION SCOPE							
STATEMENT OF FINANCIAL POSITION							
Non-Current Assets	**33,899**	**11,312**	**12,998**	**90,699**	**178**	**(1,307)**	**147,778**
of which Intercompany	*(2,064)*	*757*					
Intangible Assets	8,295	5,838	5,003	66,343	111	(76)	85,514
Property, Plant and Equipment	16,013	1,148	6,108	23,351	61		46,681
Non-Current Financial Assets	3,423	466	321	554	6	(2,945)	1,825
Investments measured at Equity				308			308
Investments measured at Cost	31						31
Deferred Tax Assets	6,136	3,860	1,566	143		1,714	13,418
Current Assets	**207,313**	**63,145**	**77,286**	**44,514**	**1,309**	**(41,650)**	**351,909**
of which Intercompany	*(16,886)*	*(4,123)*	*(6,730)*	*(13,911)*			
Current Financial Assets	90,970	(1)	118	859		(2,663)	89,284
Current Tax Receivables	2,405	1,524	455	1,423			5,806
Inventories	52,488	35,507	28,096	20,157	1,016	(5,489)	131,777
Trade and Other Receivables	52,960	16,854	45,824	17,349	184	(33,802)	99,368
Cash and Cash Equivalents	8,490	9,261	2,793	4,726	109	295	25,673
TOTAL ASSETS	**241,211**	**74,456**	**90,285**	**135,213**	**1,488**	**(42,957)**	**499,686**
of which Intercompany	*(18,950)*	*(3,366)*	*(6,730)*	*(13,911)*			
Non-Current Liabilities	**107,988**	**3,212**	**2,225**	**14,281**		**(2,820)**	**124,887**
of which Intercompany	*(1,820)*		*(1,000)*				
Non-Current Financial Liabilities	100,986	12	1,027	907		(2,945)	99,987
Employee Benefits	3,499	733	737	337			5,306
Provisions for Risks and Charges	592	306					898
Deferred Tax Liabilities	2,911	2,162	461	12,937		125	18,596
Other Payables				100			100
Current Liabilities	**78,194**	**34,392**	**52,734**	**30,713**	**2,489**	**(36,161)**	**162,297**
of which Intercompany	*(7,396)*	*(4,886)*	*(9,203)*	*(12,304)*	*(2,371)*		
Current Financial Liabilities	39,709	15,744	35,229	9,375	1,065	(2,663)	98,458
Provisions for Risks and Charges	342	88					430
Current Tax Payables	673	817	457	1,644			3,590
Trade and Other Payables	37,473	17,744	17,049	19,694	1,424	(33,566)	59,817
TOTAL LIABILITIES	**186,184**	**37,604**	**54,959**	**44,994**	**2,489**	**(38,981)**	**287,183**
of which Intercompany	*(9,216)*	*(4,886)*	*(10,203)*	*(12,304)*	*(2,371)*		

** Allocation by "Entity Location"*

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Business Segments – Income Statement

The <u>"income statement"</u> for the F.I.L.A. Group by region for Q1 2016 and Q1 2015 is reported below:

REPORTING FORMAT - BUSINESS SEGMENTS*							
	Geographic Area - F.I.L.A. Group						
Euro thousands	Europe	North America	Cen. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
Q1 2016							
INCOME STATEMENT							
Core Business Revenue	**53.038**	**20.998**	**19.809**	**21.194**	**127**	**(32.270)**	**82.896**
Other Revenue and Income	**2.181**	**583**	**418**	**219**	**8**	**(1.278)**	**2.131**
TOTAL REVENUE	**55.219**	**21.581**	**20.227**	**21.413**	**135**	**(33.548)**	**85.027**
of which Intercompany	*(13.830)*	*(729)*	*(8.990)*	*(9.999)*			
Raw Materials, Ancillary, Consumables and Goods	**(31.519)**	**(26.003)**	**(13.519)**	**(11.672)**	**(160)**	**32.207**	**(50.666)**
Services and Rent, Leases and Similar Costs	**(11.997)**	**(4.224)**	**(3.519)**	**(2.388)**	**(76)**	**370**	**(21.834)**
Other Operating Costs	**(795)**	**(562)**	**(945)**	**(121)**	**(21)**	**(72)**	**(2.516)**
Change in Inventory	**3.483**	**13.371**	**2.782**	**(1.081)**	**79**	**(1.198)**	**17.436**
Labour Costs	**(9.553)**	**(1.645)**	**(3.006)**	**(3.054)**	**(46)**		**(17.304)**
TOTAL OPERATING COSTS	**(50.381)**	**(19.063)**	**(18.207)**	**(18.316)**	**(224)**	**31.307**	**(74.884)**
of which Intercompany	*19.354*	*7.947*	*1.948*	*1.896*	*162*		
EBITDA	**4.838**	**2.518**	**2.020**	**3.097**	**(89)**	**(2.241)**	**10.143**
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	**(1.520)**	**(207)**	**(476)**	**(1.082)**	**(5)**		**(3.290)**
EBIT	**3.318**	**2.311**	**1.544**	**2.015**	**(94)**	**(2.241)**	**6.853**
Interest and Income from Group Companies	450					(449)	0
Interest on Bank Deposits	12	1	1	32			46
Interest Income	**461**	**1**	**1**	**32**		**(449)**	**47**
Dividends	513					(513)	0
Other Financial Income	813		5				818
Unrealised Exchange Gains on Financial Transactions	122		227		15	4	368
Realised Exchange Gains on Financial Transactions			3				3
Other Financial Income	**1.448**		**235**		**15**	**(509)**	**1.189**
Interest and charges from Group Companies	(436)		(18)		(5)	459	1
Interest on Bank Overdrafts	(44)	()	(5)	()			(50)
Interest on Bank Loans	(307)	(84)	(471)	(141)			(1.003)
Interest to Other Lenders		()		(2)	(1)		(3)
Interest Expense	**(787)**	**(84)**	**(494)**	**(143)**	**(6)**	**459**	**(1.055)**
Other Financial Charges	(269)	(5)	(13)	(8)			(295)
Unrealised Exchange Losses on Financial Transactions	(4.000)		(169)		(1)	(14)	(4.184)
Realised Exchange Losses on Financial Transactions	(10)		(1)				(11)
Other Financial Charges	**(4.279)**	**(5)**	**(183)**	**(8)**	**(1)**	**(14)**	**(4.490)**
Income/Charges from Investments at Equity							
NET FINANCIAL INCOME/(CHARGES)	**(3.156)**	**(88)**	**(441)**	**(119)**	**8**	**(513)**	**(4.309)**
of which Intercompany	*(537)*		*19*		*5*		
PRE-TAX PROFIT/(LOSS)	**162**	**2.223**	**1.103**	**1.896**	**(86)**	**(2.754)**	**2.544**
TOTAL INCOME TAXES	**(1.003)**	**(908)**	**(307)**	**(527)**		**259**	**(2.486)**
of which Intercompany	*48*	*211*					
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	**(841)**	**1.315**	**796**	**1.369**	**(86)**	**(2.495)**	**58**
NET PROFIT - DISCONTINUED OPERATIONS							
NET PROFIT/(LOSS)	**(841)**	**1.315**	**796**	**1.369**	**(86)**	**(2.495)**	**58**
Non-controlling interest profit/(loss)	**61**			**293**	**(8)**		**346**
F.I.L.A. GROUP NET PROFIT/(LOSS)	**(902)**	**1.315**	**796**	**1.076**	**(78)**	**(2.495)**	**(288)**

** Allocation by "Entity Location"*

REPORTING FORMAT - BUSINESS SEGMENTS*

Euro thousands	Geographic Area - F.I.L.A Group						
	Europe	North America	Cen. - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
Q1 2015							
INCOME STATEMENT							
Core Business Revenue	**36.868**	**14.912**	**16.154**	**9.394**	**53**	**(20.290)**	**57.091**
Other Revenue and Income	**1.764**	**653**	**914**	**110**	**89**	**(1.493)**	**2.037**
TOTAL REVENUE	**38.632**	**15.565**	**17.068**	**9.504**	**142**	**(21.783)**	**59.128**
of which Intercompany	*(6.526)*	*(788)*	*(5.670)*	*(8.800)*	*1*		
Raw Materials, Ancillary, Consumables and Goods	**(21.845)**	**(15.632)**	**(11.263)**	**(4.982)**	**(160)**	**20.398**	**(33.484)**
Services and Rent, Leases and Similar Costs	**(8.835)**	**(3.062)**	**(3.331)**	**(1.084)**	**(61)**	**1.576**	**(14.797)**
Other Operating Costs	**(524)**	**(606)**	**(696)**	**(32)**	**(9)**	**(192)**	**(2.059)**
Change in Inventory	**4.544**	**7.283**	**2.166**	**(657)**	**96**	**(646)**	**12.786**
Labour Costs	**(6.865)**	**(1.371)**	**(2.890)**	**(2.110)**	**(65)**		**(13.301)**
TOTAL OPERATING COSTS	**(33.525)**	**(13.388)**	**(16.014)**	**(8.865)**	**(199)**	**21.136**	**(50.855)**
of which Intercompany	*10.071*	*7.077*	*2.374*	*1.479*	*136*		
EBITDA	**5.107**	**2.177**	**1.054**	**639**	**(57)**	**(647)**	**8.273**
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	**(1.187)**	**(125)**	**(432)**	**(204)**	**(4)**		**(1.952)**
EBIT	**3.920**	**2.052**	**622**	**435**	**(61)**	**(647)**	**6.321**
Interest and Income from Group Companies	13					(12)	1
Interest on Bank Deposits	4	2		1			7
Interest Income	**17**	**2**		**1**		**(12)**	**8**
Dividends							
Other Financial Income	3	21	7				32
Unrealised Exchange Gains on Financial Transactions	216		10				226
Realised Exchange Gains on Financial Transactions	11						11
Revaluations of Investments at Cost	8					(8)	
Other Financial Income	**238**	**21**	**17**			**(8)**	**268**
Interest and charges from Group Companies	(8)		(3)		(2)	13	
Interest on Bank Overdrafts	(49)			(5)			(54)
Interest on Bank Loans	(174)	(93)	(455)	(89)			(811)
Interest to Other Lenders		(1)					(1)
Interest Expense	**(231)**	**(94)**	**(458)**	**(94)**	**(2)**	**13**	**(866)**
Other Financial Charges	(124)		(9)	1			(132)
Unrealised Exchange Losses on Financial Transactions	(87)		(17)			()	(104)
Realised Exchange Losses on Financial Transactions	(3)		(21)				(24)
Other Financial Charges	**(214)**		**(47)**	**1**		**()**	**(260)**
Income/Charges from Investments at Equity						**216**	**216**
NET FINANCIAL INCOME/(CHARGES)	**(190)**	**(71)**	**(488)**	**(92)**	**(2)**	**209**	**(634)**
of which Intercompany	*202*		*5*		*2*		
PRE-TAX PROFIT/(LOSS)	**3.730**	**1.981**	**134**	**343**	**(63)**	**(438)**	**5.687**
TOTAL INCOME TAXES	**(860)**	**(727)**	**(246)**			**171**	**(1.662)**
of which Intercompany	*118*	*53*					
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	**2.870**	**1.254**	**(112)**	**343**	**(63)**	**(267)**	**4.025**
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS		**2**		**(120)**			**(118)**
NET PROFIT/(LOSS)	**2.870**	**1.256**	**(112)**	**223**	**(63)**	**(267)**	**3.906**
Non-controlling interest profit/(loss)	**101**	**1**		**8**	**(31)**		**79**
FILA GROUP NET PROFIT/(LOSS)	**2.769**	**1.255**	**(112)**	**215**	**(32)**	**(267)**	**3.827**

** Allocation by "Entity Location"*

For a better understanding of the changes between the comparative periods, the F.I.L.A. Group Business Segments for Q1 2016 at like-for-like consolidation scope with Q1 2015 are reported below.

REPORTING FORMAT - BUSINESS SEGMENTS*

	Geographic Area - F.I.L.A. Group						
Euro thousands	Europe	North America	Central - South America	Asia	Rest of the World	Consolidation	F.I.L.A. Group
Q1 16 - LIKE-FOR-LIKE CONSOLIDATION SCOPE							
INCOME STATEMENT							
Core Business Revenue	40.845	16.466	17.158	9.022	127	(22.041)	61.578
Other Revenue and Income	1.409	537	418	145	8	(1.321)	1.196
TOTAL REVENUE	42.254	17.003	17.576	9.167	135	(23.362)	62.773
of which Intercompany	*(7.767)*	*(729)*	*(6.345)*	*(8.521)*			
Raw Materials, Ancillary, Consumables and Goods	(23.189)	(20.847)	(11.720)	(5.405)	(160)	21.981	(39.340)
Services and Rent, Leases and Similar Costs	(9.870)	(3.635)	(3.319)	(979)	(76)	369	(17.510)
Other Operating Costs	(576)	(562)	(945)	(89)	(21)	(72)	(2.265)
Change in Inventory	3.363	12.016	2.579	181	79	(830)	17.387
Labour Costs	(7.460)	(1.348)	(2.690)	(1.554)	(46)		(13.098)
TOTAL OPERATING COSTS	(37.732)	(14.376)	(16.095)	(7.846)	(224)	21.448	(54.823)
of which Intercompany	*10.478*	*7.241*	*1.671*	*1.896*	*162*		
EBITDA	4.522	2.627	1.481	1.321	(89)	(1.914)	7.945
AMORTISATION, DEPRECIATION AND WRITE-DOWNS	(899)	(125)	(432)	(179)	(5)		(1.640)
EBIT	3.622	2.501	1.047	1.143	(94)	(1.914)	6.305
Interest and Income from Group Companies	27					(27)	()
Interest on Bank Deposits	8	1	1	1			10
Interest Income	**34**	**1**	**1**	**1**		**(27)**	**10**
Dividends	513					(513)	0
Other Financial Income	813		5				818
Unrealised Exchange Gains on Financial Transactions	122		227		15	4	368
Other Financial Income	**1.448**		**232**		**15**	**(509)**	**1.186**
Interest and charges from Group Companies	(13)		(18)		(5)	36	
Interest on Bank Overdrafts	(44)		(5)	()			(50)
Interest on Bank Loans	(307)	(84)	(471)	(70)			(931)
Interest to Other Lenders		()			(1)		(1)
Interest Expense	**(364)**	**(84)**	**(494)**	**(70)**	**(6)**	**36**	**(982)**
Other Financial Charges	(269)		(13)				(283)
Unrealised Exchange Losses on Financial Transactions	(3.978)		(165)		(1)	(14)	(4.158)
Realised Exchange Losses on Financial Transactions	(5)						(5)
Other Financial Charges	**(4.252)**		**(178)**		**(1)**	**(14)**	**(4.445)**
NET FINANCIAL INCOME/(CHARGES)	(3.134)	(83)	(439)	(69)	8	(514)	(4.231)
of which Intercompany	*(538)*		*19*		*5*		
PRE-TAX PROFIT/(LOSS)	488	2.418	608	1.074	(86)	(2.429)	2.074
TOTAL INCOME TAXES	(1.087)	(876)	(307)	(218)		256	(2.232)
of which Intercompany	*44*	*211*					
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	(599)	1.542	301	856	(86)	(2.173)	(158)
NET PROFIT - DISCONTINUED OPERATIONS							
of which Intercompany							
NET PROFIT/(LOSS)	(599)	1.542	301	856	(86)	(2.173)	(158)
Non-controlling interest profit/(loss)	61				(8)		53
F.I.L.A. GROUP NET PROFIT/(LOSS)	(660)	1.542	301	856	(78)	(2.173)	(210)

** Allocation by "Entity Location"*

Business Segments – Other Information

The "other information", concerning tangible and intangible fixed asset investments of Group companies by region for March 31, 2016 and March 31, 2015 is reported below:

REPORTING FORMAT - BUSINESS SEGMENTS*						
	Geographic Area - F.I.L.A. Group					
Euro thousands	Europe	North America	Cen. - South America	Asia	Rest of the World	F.I.L.A. Group
March 2016						
OTHER INFORMATION						
Investments						
Intangible assets	47					47
Property, Plant and Equipment	812	55	229	844	1	1,941
TOTAL INVESTMENTS	859	55	229	845	1	1,988

** Allocation by "Entity Location"*

REPORTING FORMAT - BUSINESS SEGMENTS*						
	Geographic Area - F.I.L.A. Group					
Euro thousands	Europe	North America	Cen. - South America	Asia	Rest of the World	F.I.L.A. Group
March 2015						
OTHER INFORMATION						
Investments						
Intangible assets	45					45
Property, Plant and Equipment	1,081	23	877	283	29	2,292
TOTAL INVESTMENTS	1,126	23	877	283	29	2,337

** Allocation by "Entity Location"*

Business seasonality

The Group's operations are affected by business seasonality, as reflected also in the consolidated results.

The breakdown of the income statement by quarter highlights the concentration of sales in the second and third quarters for the "schools' campaign". Specifically, in June significant sales are made through the "*school suppliers*" traditional channel and in August through the "*retailers*" channel.

The key quarterly figures of 2015 and 2016 are reported below.

	2015				2016	2016
Euro thousands	First 3 mth. 2015	First 6 mth. 2015	First 9 mth. 2015	FY 2015	First 3 mth. 2016	First 3 mth. 2016 LIKE-FOR-LIKE SCOPE[1)]
Core Business Revenue	**57,091**	**141,520**	**217,794**	**275,333**	**82,896**	**61,578**
Full year portion	*20.74%*	*51.40%*	*79.10%*	*100.00%*	*100.00%*	*100.00%*
EBITDA	**8,273**	**25,973**	**37,936**	**41,780**	**10,143**	**7,945**
% on core business revenue	*14.49%*	*18.35%*	*17.42%*	*15.17%*	*12.24%*	*12.90%*
Full year portion	*19.80%*	*62.17%*	*90.80%*	*100.00%*	*100.00%*	*100.00%*
EBIT	**6,321**	**21,800**	**32,051**	**33,999**	**6,853**	**6,305**
% on core business revenue	*11.07%*	*15.40%*	*14.72%*	*12.35%*	*8.27%*	*10.24%*
Full year portion	*18.59%*	*64.12%*	*94.27%*	*100.00%*	*100.00%*	*100.00%*
Normalised EBITDA	**8,516**	**27,860**	**40,938**	**47,622**	**11,870**	**9,672**
% on core business revenue	*14.92%*	*19.69%*	*18.80%*	*17.30%*	*14.32%*	*15.71%*
Full year portion	*17.88%*	*58.50%*	*85.96%*	*100.00%*	*100.00%*	*100.00%*
Group Net Profit/(loss)	**3,827**	**(34,348)**	**(28,230)**	**(16,663)**	**(288)**	**(210)**
% on core business revenue	*6.70%*	*-24.27%*	*-12.96%*	*-6.05%*	*-0.35%*	*-0.34%*
Full year portion	*-22.97%*	*206.14%*	*169.42%*	*100.00%*	*100.00%*	*100.00%*
Net Financial Position	**(91,369)**	**(55,632)**	**(30,131)**	**(38,744)**	**(166,344)**	**NA**

[(1)] First 3 months 2016 at like-for-like consolidation scope. Figures net of the contribution of the Daler-Rowney Lukas Group and Wrtiefine Products Private Limited

Business Combinations

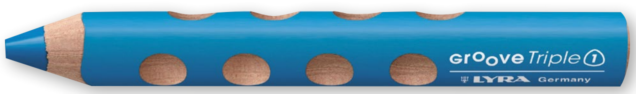
Daler-Rowney Lukas Group

On February 3, 2016, F.I.L.A. S.p.A. acquired 100% of the entire share capital - comprising “ordinary shares” and “preference shares” - of Renoir TopCo Ltd, the holding company of the Daler-Rowney Lukas Group, from the private equity fund Electra Partners LLP and the management team of Daler-Rowney.

From February 3, 2016, the companies of the English Group were consolidated in the financial statements of the F.I.L.A. S.p.A. Group under the “line by line” method and at March 31, 2016 contributed to the result only the profits/loss for the period between February 3, 2016 and March 31, 2016.

The cash flows utilised for the acquisition of 100% of Renoir TopCo Ltd, the parent company of the Daler & Rowney Lucas Group, are illustrated below:

Net Acquisition Carrying Amount of Daler & Rowney Lukas Group at February 3, 2016	**(58,065)**
Fair Value of acquisition of Daler & Rowney Lukas Group at February 3, 2016	**12,147**
Cash and cash equivalents Acquired *I)*	**4,222**
Price paid by F.I.L.A. S.p.A. *II)*	**15,667**
Cash Flow employed for acquisition of Daler & Rowney Lukas Group at February 3, 2016 *II) - I)*	**11,445**



The allocation of the differential between the "*Investment Cost*" and the "*Net Carrying Value*" of the Daler-Rowney Lukas Group is reported below.

Through application of the PPA method, the principal value generating assets were identified and valued; the estimated Goodwill was therefore the residual value deriving from the allocation of the price differential to the Group's assets:

Total Payment of F.I.L.A. S.p.A. for Daler & Rowney Lukas Group	*A*	**15,667**
Total Consultancy Charges of F.I.L.A. S.p.A. for Daler & Rowney Lukas Group	*B*	**1,084**
Value of F.I.L.A. S.p.A Investment in Daler & Rowney Lukas Group in the separate financial statements of the parent	*A + B*	**16,751**
Value of Equity of Daler & Rowney Lukas Group at February 3, 2016 held by F.I.L.A S.p.A.	*F*	**(58,065)**
Allocation of the differential between the Investment Cost and the Net Carrying Amount of the Daler-Rowney Lukas Group	*G*	**70,212**
Intangible Assets - Brands		40,223
Intangible Assets - Know How		30,532
Intangible Assets - Local Goodwill		(263)
Property, Plant and Equipment		836
Deferred Tax Assets		134
Current Tax Receivables		23
Inventories		151
Trade Payables & Receivables & Other Receivables & Payables		(257)
Current Financial Liabilities		12,846
Provisions for risks and charges		(653)
Deferred Tax Liabilities		(13,359)
Differential between the purchase amount of the investment and the net carrying amount of the Daler-Rowney Lukas Group (Goodwill) at February 3, 2016	*A - F - G*	**3,520**

Note: The figures are converted at the exchange rate at February 3, 2016.

The value of the assets and liabilities of the Daler-Rowney Lukas Group at the acquisition date was as follows:

Euro thousands	Carrying Amount	Fair Value alignment - IFRS 3	Fair Value	
ASSETS	**58.897**	**71.469**	**130.365**	
Non-Current Assets	**14.993**	**71.461**	**86.454**	
Intangible Assets	292	70.492	70.784	*I)*
Property, Plant and Equipment	12.003	836	12.839	*II)*
Non-Current Financial Assets	589	0	589	
Deferred Tax Assets	2.108	134	2.242	*III)*
Current Assets	**43.904**	**7**	**43.911**	
Current Financial Assets	1.041	0	1.041	
Current Tax Receivables	0	23	23	*IV)*
Inventories	23.368	151	23.520	*V)*
Trade and Other Receivables	16.314	(167)	16.147	*II)*
Cash and Cash Equivalents	3.181	0	3.181	
Non-Current and Current Assets Held-for-Sale	**0**	**0**	**0**	
LIABILITIES AND EQUITY	**58.897**	**71.469**	**130.365**	
Equity	**(58.065)**	**70.212**	**12.147**	
Share Capital	20	0	20	
Reserves	(58.084)	70.212	12.127	
Non-Current Liabilities	**76**	**13.359**	**13.435**	
Non-Current Financial Liabilities	19	0	19	
Employee Benefits	57	0	57	
Deferred Tax Liabilities	0	13.359	13.359	*III)*
Current Liabilities	**116.885**	**(12.102)**	**104.783**	
Current Financial Liabilities	103.801	(12.846)	90.955	*VI)*
Provisions for Risks and Charges	17	653	670	*VII)*
Current Tax Payables	82	0	82	
Trade and Other Payables	12.985	90	13.075	*VIII)*
Non-Current and Current Liabilities Held-for-Sale	**0**	**0**	**0**	

Note: The figures are converted at the exchange rate at February 3, 2016.

The principal adjustments made to the consolidated statement of financial position of the Daler-Rowney Lukas Group are reported below:

I) Adjustment of the carrying amount of the "Intangible Assets" for a total amount of Euro 70,492 thousand, allocated to the owned brands for Euro 40,223 thousand and to "Know-How" for Euro 30,532 thousand, identified as a strategic asset in application of the "purchase price allocation" method. The estimate of the Fair value is based on an independent expert's valuation. The residual of Euro 263 thousand is due to the net book value of the "local Goodwill" already recorded in the separate financial statements of the company.

II) The adjustment of the net carrying amount of "Property, Plant and Machinery" amounts to Euro 836 thousand, principally attributable to the revaluation of assets expressed at their fair value on the "Purchase Price Allocation" (Euro 699 thousand). The residual part of the change is due to a reclassification from Trade Other Receivables to Plant and Machinery to ensure a better representation of certain items (Euro 167 thousand).

III) The changes in the deferred tax assets and liabilities are entirely due to the fiscal effects calculated on the adjustments made on assets and liabilities on the "Purchase Price Allocation".

IV) Current tax receivables were revised for a total of Euro 23 thousand against a precise calculation of the Group tax charge at the acquisition date.

V) The adjustment of the value of inventories was Euro 151 thousand, representing the estimate of the implied margin on stock in inventory at the acquisition date of the Group. The application of the valuation model requires in fact an estimate of the contribution in terms of future expected benefits from the production carried out in the period before the acquisition.

VI) Current Financial Assets were impacted by a reclassification to Equity of preference shares, locally recognised to financial liabilities and considered similar to capital instruments (Euro 12,846 thousand).

VII) The Provisions for risks and charges were restated to an amount considered more reflective of the risks underlying the open claims at a number of companies of the Daler-Rowney Lukas Group.

VIII) The adjustment of Euro 90 thousand to Trade and Other Payables concerns the adjustment to the value of employee vacations.

The consolidated statement of financial position and income statement of the Daler-Rowney Lukas Group at March 31, 2016 are reported below:

Euro thousands	**31-03-2016**
ASSETS	**124.774**
Non-Current Assets	**82.115**
Intangible Assets	66.989
Property, Plant and Equipment	12.181
Non-Current Financial Assets	857
Deferred Tax Assets	2.089
Current Assets	**42.659**
Current Financial Assets	991
Current Tax Receivables	46
Inventories	23.881
Trade and Other Receivables	14.959
Cash and Cash Equivalents	2.782
Non-Current and Current Assets Held-for-Sale	**0**
LIABILITIES AND EQUITY	**124.774**
Equity	**11.139**
Non-Current Liabilities	**12.661**
Non-Current Financial Liabilities	16
Employee Benefits	19
Deferred Tax Liabilities	12.625
Current Liabilities	**100.975**
Current Financial Liabilities	86.970
Provisions for Risks and Charges	614
Current Tax Payables	102
Trade and Other Payables	13.289
Non-Current and Current Liabilities Held-for-Sale	**0**

Euro thousands	**2016**
Revenue from Sales and Service	10.625
Other Revenue and Income	863
TOTAL REVENUE	**11.488**
Raw Materials, Ancillary, Consumables and Goods	(6.536)
Services and Rent, Leases and Similar Costs	(2.914)
Other Operating Costs	(220)
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	1.311
Labour Costs	(2.706)
Amortisation & Depreciation	(742)
Write-downs	(4)
TOTAL OPERATING COSTS	**(11.811)**
EBIT	**(324)**
Financial Income	7
Financial Charges	(459)
NET FINANCIAL INCOME/(CHARGES)	**(452)**
PRE-TAX PROFIT/(LOSS)	**(776)**
Income Taxes	(38)
Deferred Tax Income and Charges	92
TOTAL INCOME TAXES	**54**
NET PROFIT/(LOSS) - CONTINUING OPERATIONS	**(721)**
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	**(721)**
NET PROFIT/(LOSS)	**(721)**

Subsequent events

There were no subsequent events after period-end.

Treasury shares

The parent F.I.L.A. S.p.A. did not hold treasury shares at March 31, 2016.

II - Consolidated Financial Statements of the F.I.L.A. Group at March 31, 2016

Consolidated Financial Statements

Statement of Financial Position

Euro thousands	March 31, 2016	December 31, 2015
ASSETS	**538,866**	**384,450**
Non-Current Assets	**233,413**	**152,229**
Intangible Assets	156,023	88,156
Property, Plant and Equipment	58,862	47,901
Non-Current Financial Assets	2,682	1,787
Investments Measured at Equity	308	322
Investments Measured at Cost	31	31
Deferred Tax Assets	15,507	14,032
Current Assets	**305,453**	**232,221**
Current Financial Assets	1,161	268
Current Tax Receivables	5,852	5,020
Inventories	155,658	118,519
Trade and Other Receivables	114,327	77,731
Cash and Cash Equivalents	28,455	30,683
Non-Current and Current Assets Held-for-Sale	**0**	**0**
LIABILITIES AND EQUITY	**538,866**	**384,450**
Equity	**227,162**	**211,727**
Share Capital	37,171	37,171
Reserves	39,179	80,828
Retained Earnings	128,301	86,424
Net Profit	(288)	(16,663)
Group Equity	**204,363**	**187,760**
Non-controlling interest equity	**22,799**	**23,967**
Non-Current Liabilities	**137,547**	**27,421**
Non-Current Financial Liabilities	100,003	1,510
Employee Benefits	5,325	5,352
Provisions for Risks and Charges	898	942
Deferred Tax Liabilities	31,221	19,485
Other Payables	100	132
Current Liabilities	**174,157**	**145,302**
Current Financial Liabilities	96,315	68,539
Financial Instruments	0	21,504
Provisions for Risks and Charges	1,044	434
Current Tax Payables	3,692	1,840
Trade and Other Payables	73,106	52,985
Non-Current and Current Liabilities Held-for-Sale	**0**	**0**

Statement of Comprehensive Income

Euro thousands	Q1 2016	Q1 2015
Revenue from Sales and Service	82.896	57.091
Other Revenue and Income	2.131	2.037
TOTAL REVENUE	**85.027**	**59.128**
Raw Materials, Ancillary, Consumables and Goods	(50.666)	(33.484)
Services and Rent, Leases and Similar Costs	(21.834)	(14.797)
Other Operating Costs	(2.516)	(2.059)
Change in Raw Materials, Semi-Finished, Work-in-progress and Finished Products	17.436	12.786
Labour Costs	(17.304)	(13.301)
Amortisation & Depreciation	(3.091)	(1.619)
Write-downs	(199)	(333)
TOTAL OPERATING COSTS	**(78.174)**	**(52.807)**
EBIT	**6.853**	**6.321**
Financial Income	1.236	276
Financial Charges	(5.545)	(1.126)
Income/Charges from Investments at Equity	0	216
NET FINANCIAL INCOME/(CHARGES)	**(4.309)**	**(634)**
PRE-TAX PROFIT	**2.544**	**5.687**
Income Taxes	(2.417)	(1.861)
Deferred Tax Income and Charges	(69)	199
TOTAL INCOME TAXES	**(2.486)**	**(1.662)**
NET PROFIT - CONTINUING OPERATIONS	**58**	**4.025**
NET PROFIT/(LOSS) - DISCONTINUED OPERATIONS	**0**	**(118)**
NET PROFIT	**58**	**3.906**
Attributable to:		
Profit attributable to non-controlling interests	**346**	**79**
Profit/(loss) attributable to shareholders of the parent	**(288)**	**3.827**
Other Comprehensive Income Items which may be reclassified subsequently in the P&L account	**(5.816)**	**7.369**
Translation Difference recorded in Equity	(5.816)	7.369
Other Comprehensive Income Items which may not be reclassified subsequently in the P&L account	**237**	**(74)**
Actuarial Gains/(Losses) for Employee Benefits recorded directly to Equity	238	(106)
Income Taxes on income and charges recorded directly to Equity	(1)	31
OTHER COMPREHENSIVE INCOME ITEMS (net of tax effect)	**(5.579)**	**7.295**
Attributable to:		
Profit/(loss) attributable to non-controlling interests	**(679)**	**106**
Profit/(loss) attributable to shareholders of the parent	**(4.842)**	**11.095**

Statement of Changes in Equity

Euro thousands	Share capital	Legal Reserve	Share premium reserve	IAS 19 Reserve	Other Reserves	Translation Difference	Retained Earnings	Group Profit	Group Equity	Non-Control. Interest Capital & Reserves	Non-Controlling Interest Profit/Loss	Non-Controlling Interest Equity	Total Equity
December 31, 2015	**37.171**	**0**	**109.879**	**(1.361)**	**(27.311)**	**(379)**	**86.424**	**(16.663)**	**187.760**	**23.704**	**263**	**23.967**	**211.727**
Net Profit/(loss)								(288)	**(288)**		346	**346**	**58**
Other changes in the year			4.503	238		(4.791)	16.941		**16.891**	(1.025)		**(1.025)**	**15.866**
Gains/(losses) recorded directly to equity	0	0	4.503	238	0	(4.791)	16.941	(288)	**16.603**	(1.025)	346	**(679)**	**15.924**
Allocation of the 2015 result							(16.663)	16.663	**0**	263	(263)	**0**	**0**
Allocation to reserves		7.434	(49.033)				41.599		**0**			**0**	**0**
Dividends									**0**	(489)		**(489)**	**(489)**
March 31, 2016	**37.171**	**7.434**	**65.349**	**(1.123)**	**(27.311)**	**(5.170)**	**128.301**	**(288)**	**204.363**	**22.453**	**346**	**22.799**	**227.162**

Condensed Consolidated Statement of Cash Flow

Euro thousands	**March 2016**	**March 2015**
EBIT	**6,854**	**6,321**
adjustments for non-cash items:	***3,830***	***2,012***
Amortisation & Depreciation	3,091	1,620
Write-down and Recovery in Value	6	13
Doubtful Debt Provision	193	320
Exch. effect on Assets and Liabilities in Foreign Curr. of Commercial Transactions	548	89
Gain/Loss on Fixed Asset Disposals	(8)	(29)
integrations for:	***(5,829)***	***(1,939)***
Income Taxes Paid	(1,457)	(1,960)
Unrealised Exchange Differences on Assets and Liabilities in Foreign Currencies	(2,279)	696
Realised Exchange Differences on Assets and Liabilities in Foreign Currencies	(2,093)	(675)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL	**4,854**	**6,394**
Changes in Net Working Capital:	***(31,656)***	***(32,478)***
Change in Inventories	(16,977)	(12,651)
Change in Trade and Other Receivables	(22,690)	(18,155)
Change in Trade and Other Payables	9,156	(1,500)
Change in Other Assets/Liabilities	(1,061)	(422)
Change in Post-Employment and Employee Benefits	(85)	250
CASH FLOW FROM OPERATING ACTIVITIES	**(26,802)**	**(26,084)**
Total Investment/Divestment in Intangible Assets	**(47)**	**(45)**
Total Investment/Divestment in Property, Plant and Equipment	**(1,941)**	**(2,292)**
Total Investment/Divestment of Investments measured at Cost	**0**	**(0)**
Total Investment/Divestment in Other Financial Assets	**(287)**	**(140)**
Acquisition of investment in Daler & Rowney Lucas Group	**(16,751)**	**0**
Interest Received	**45**	**10**
CASH FLOW FROM INVESTING ACTIVITIES	**(18,981)**	**(2,303)**
Total Change in Equity	**(490)**	**0**
Interest Paid	**(1,042)**	**(947)**
Total Increase/Decrease Loans and Other Financial Liabilities	**126,310**	**5,318**
CASH FLOW FROM FINANCING ACTIVITIES	**124,778**	**4,371**
Translation difference	(5,816)	7,364
Other non-cash equity changes	8,374	(6,285)
NET CASH FLOW IN THE PERIOD	**81,553**	**(22,938)**
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period	17,542	30,663
Cash and Cash Equivalents net of Bank Overdrafts at beginning of the period (change in consolidation scope)	(86,710)	0
CASH AND CASH EQUIVALENTS NET OF BANK OVERDRAFTS AT END OF THE PERIOD	**12,385**	**7,725**

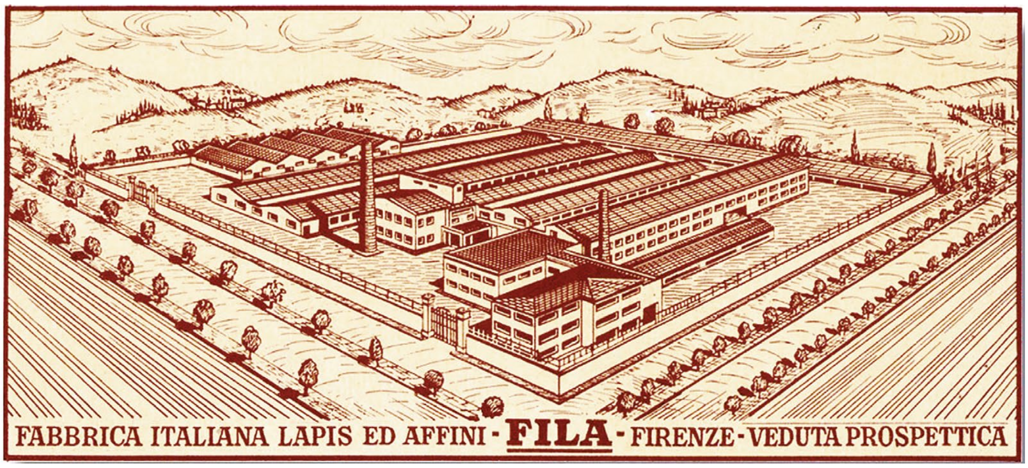
1) *Cash and cash equivalents at March 31, 2016 totalled Euro 28,455 thousand; current account overdrafts amounted to Euro 16,070 thousand net of relative interest.*
2) *Cash and cash equivalents at December 31, 2015 totalled Euro 30,683 thousand; current account overdrafts amounted to Euro 13,141 thousand net of relative interest.*
3) *The cash flows are presented using the indirect method. In order to provide a more complete and accurate presentation of the individual cash flows, the effects from non-cash operations were eliminated (including the conversion of statement of financial position items in currencies other than the Euro), where significant. These effects were aggregated and included in the account "Other non-cash changes".*

Euro thousands	March 2016	December 2015
OPENING CASH AND CASH EQUIVALENTS	**17,542**	**30,663**
Cash and cash equivalents	30,683	32,473
Bank overdrafts	(13,141)	(1,810)
CLOSING CASH AND CASH EQUIVALENTS	**12,385**	**17,542**
Cash and cash equivalents	28,455	30,683
Bank overdrafts	(16,070)	(13,141)

Transactions relating to atypical and/or unusual operations

In accordance with Consob Communication of July 28, 2006, during 2016, F.I.L.A. S.p.A. did not undertake any atypical and/or unusual operations as defined by this communication, whereby atypical and/or unusual operations refers to operations which for size/importance, nature of the counterparties, nature of the transaction, method in determining the transfer price or time period (close to the year end) may give rise to doubts in relation to: the correctness/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the company's assets and the protection of minority shareholders.

The Board of Directors
THE CHAIRMAN
Mr. Gianni Mion



F.I.L.A. S.p.A.
Via XXV Aprile, 5
20016 Pero (Milano)

May 11, 2016

Declaration of the Executive Officer – Interim Report (ref. Article 154-bis, paragraph 2)

The undersigned Stefano De Rosa, Executive Officer responsible for the preparation of the financial statements of F.I.L.A. S.p.A.,

declares

in accordance with paragraph 2 of Article 154bis of Legislative Decree No. 58 of February 24, 1998 that the accounting information contained in the present Interim Report at March 31, 2016 corresponds to the underlying accounting records.

The Executive Officer responsible
for the preparation of the financial statements
Stefano De Rosa

F.I.L.A. - Fabbrica Italiana Lapis ed Affini Società per Azioni.
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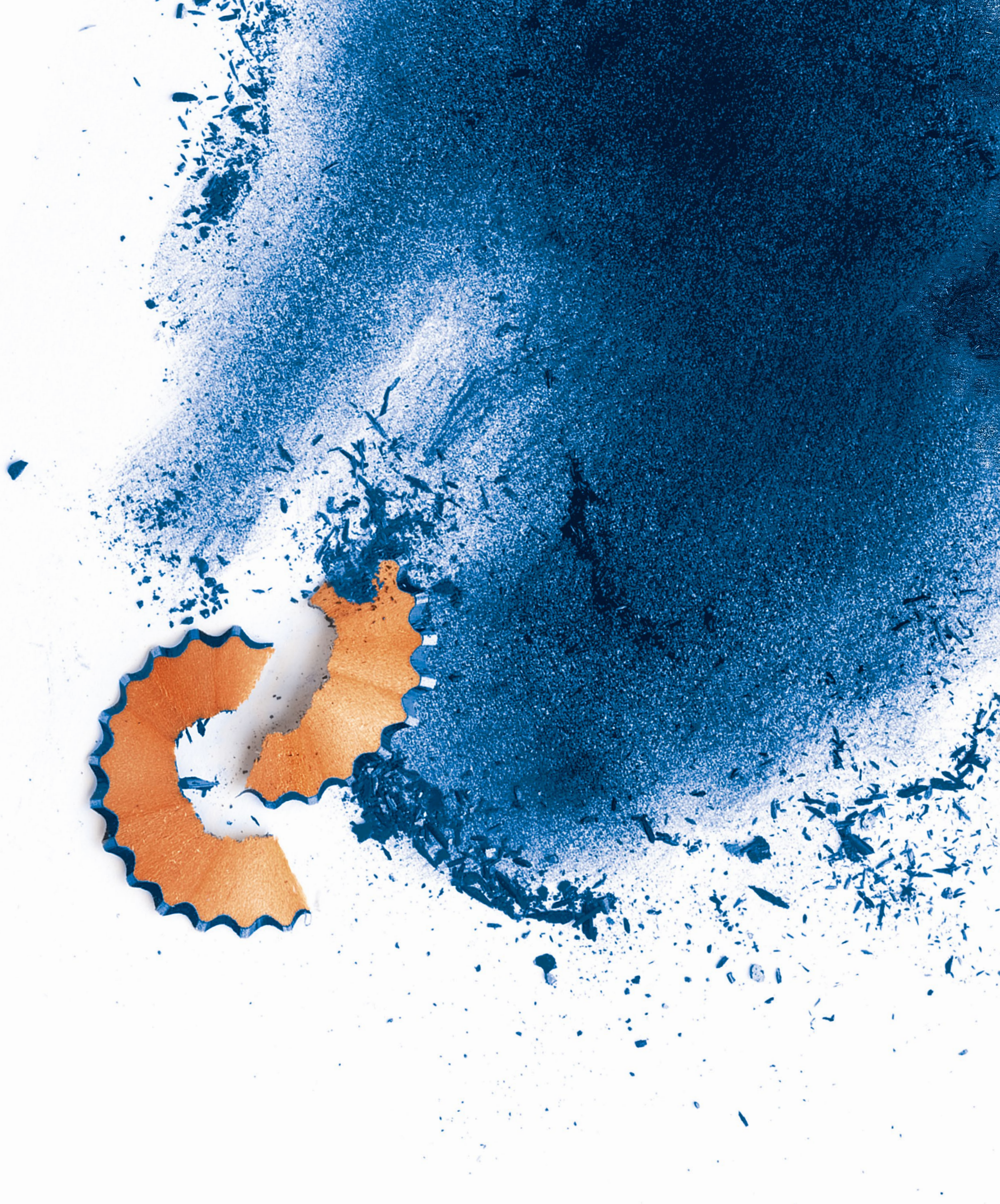

FILA S.p.A.
Fabbrica Italiana Lapis ed Affini S.p.A.

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